



FY 2026 BUDGET PROGRESS UPDATE

REVIEW OF MAJOR FUND PERFORMANCE & SUPPLEMENTAL APPROPRIATIONS



EXECUTIVE SUMMARY



Overall financial status: **On Track**



Revenues are meeting or exceeding expectations across all major funds.



Expenditures are progressing according to budget or under budget in most major funds.

Two funds require supplemental appropriations. Sufficient reserves are available in both funds to support these appropriations.

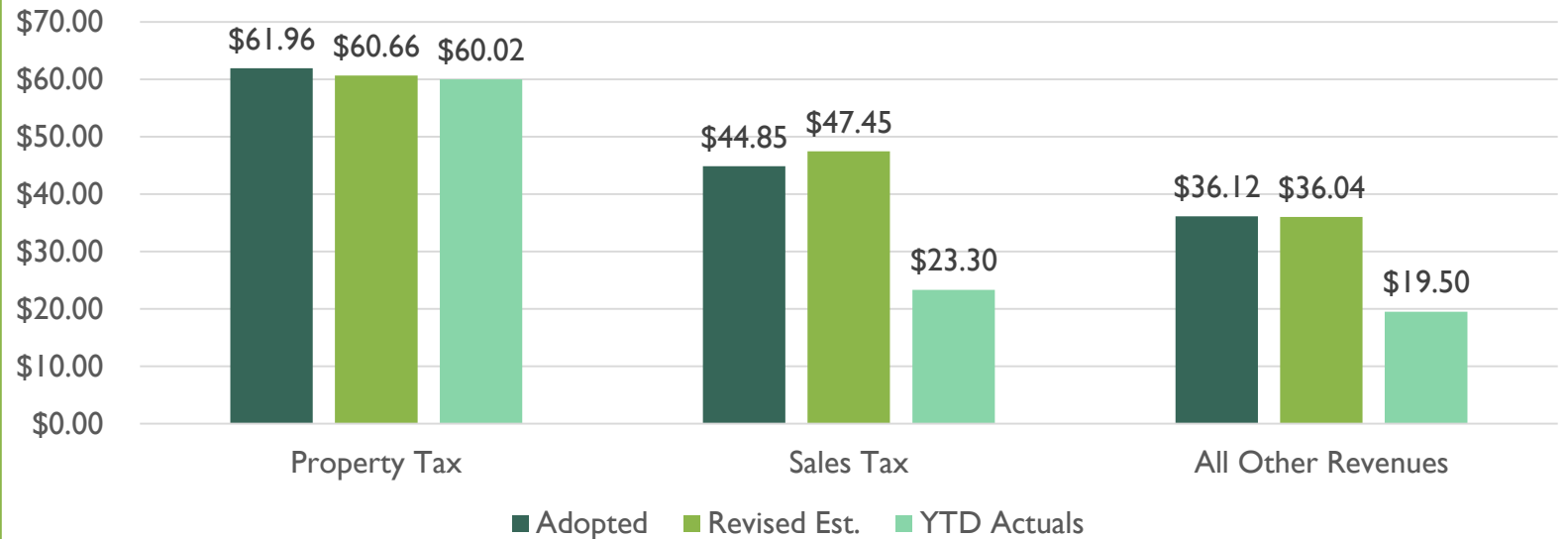
GENERAL FUND

Property Tax: Includes refunds on delinquency payments that have been evaluated by Denton CAD. These refunds will reduce revenues already collected throughout the year.

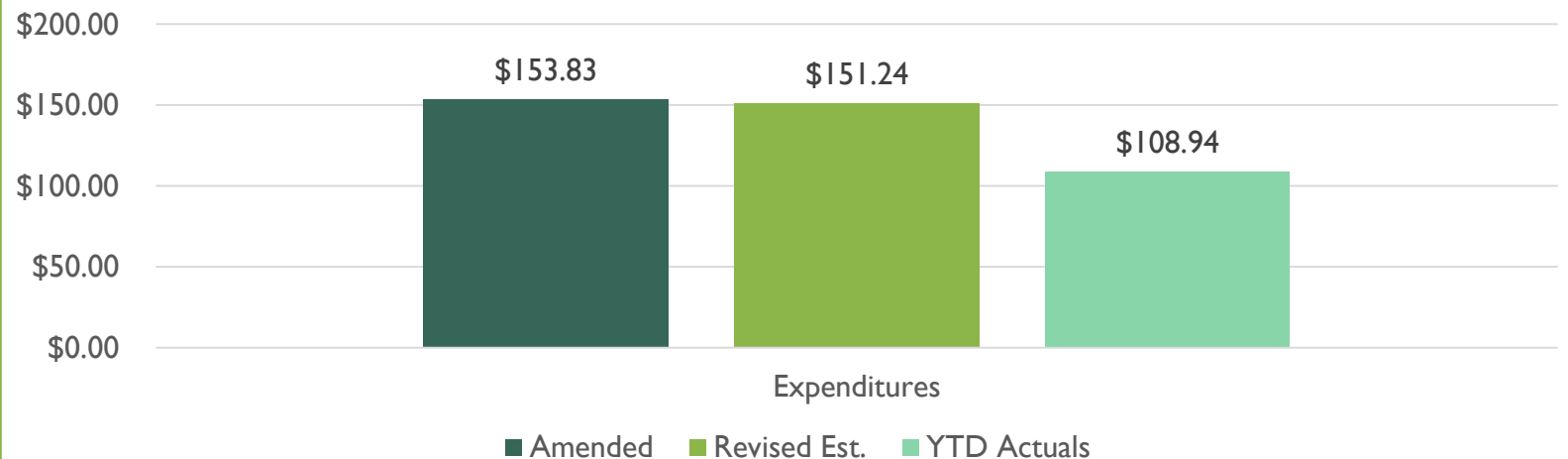
Sales Tax: Collections reporting is two months behind economic activity. We were very conservative with this year's sales tax estimates due to economic uncertainty. Revenues are trending slightly above budget.

Other Revenues: Includes permits, inspections, and other miscellaneous fees.

General Fund Major Revenues



General Fund Expenditures

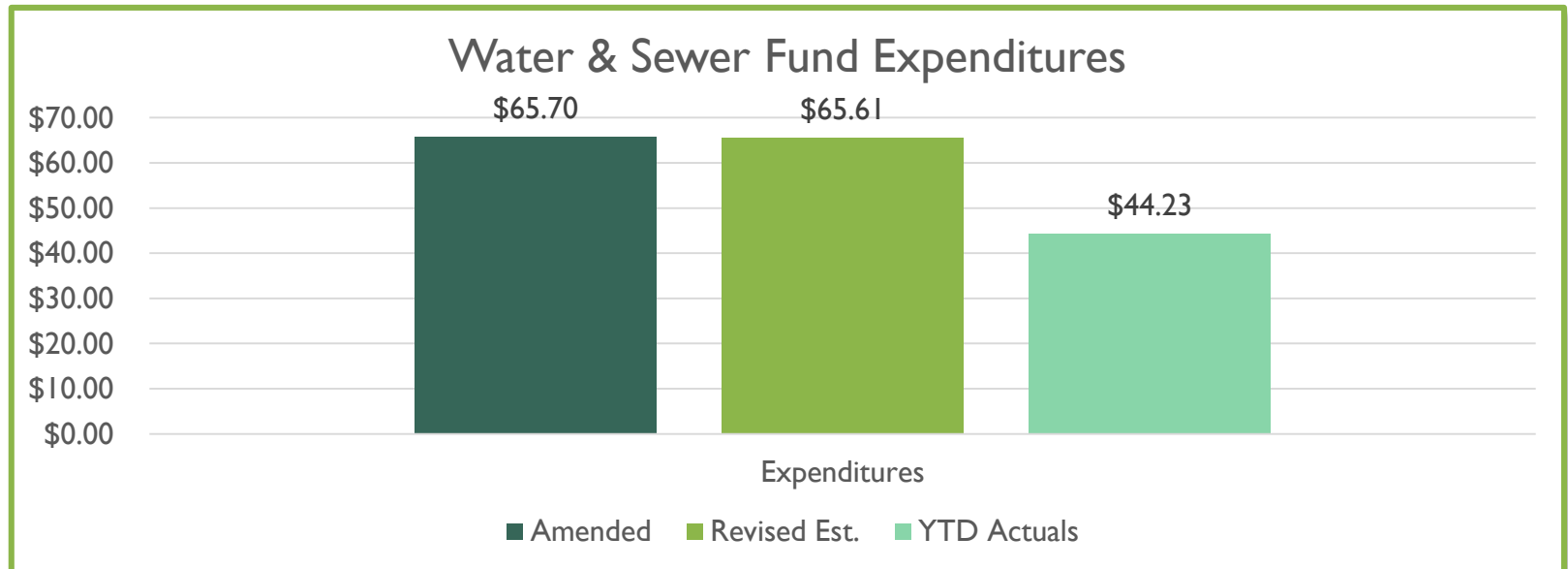
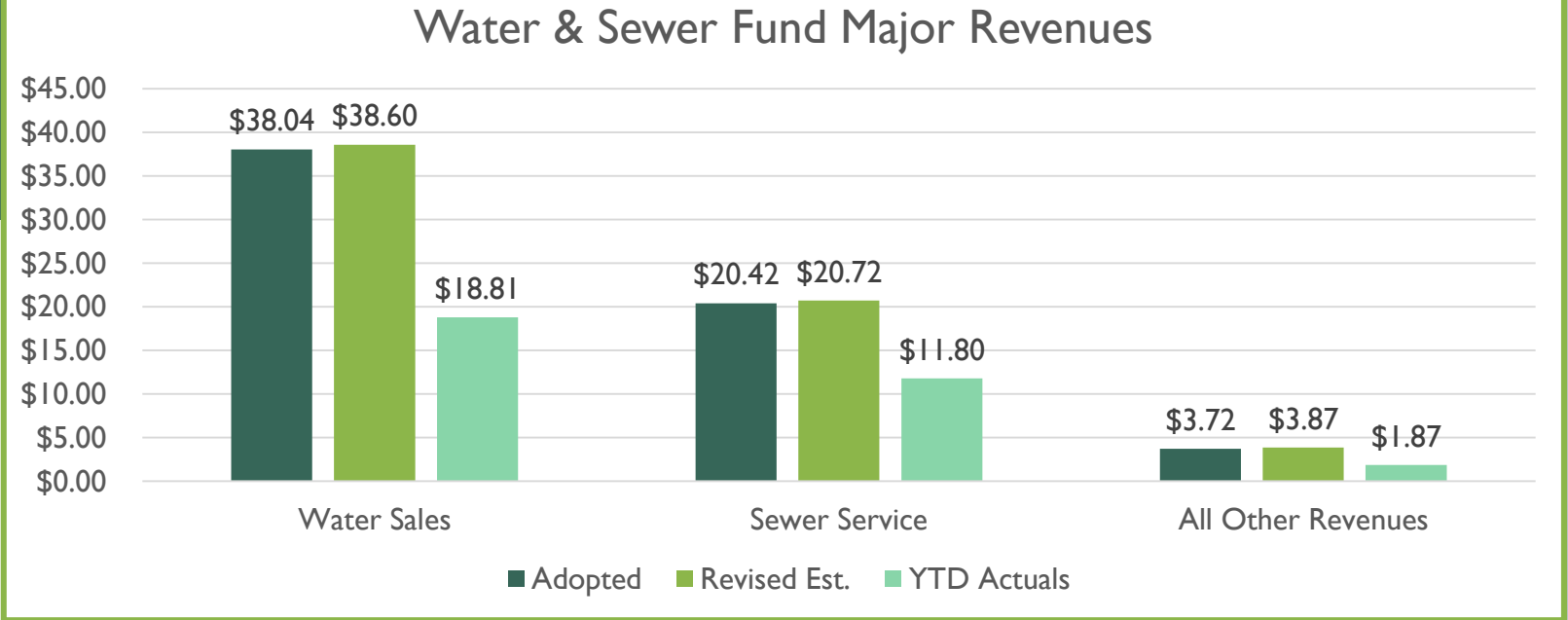


WATER & SEWER FUND

Water Sales: Anticipated to come in slightly higher than budgeted. City Council approved a utility rate increase with the FY 2026 budget. Results of the current rate study will be presented during the August budget workshop.

Sewer Service: Revised estimates also indicate a slight increase over budgeted revenues.

Other Utility Revenues: Includes capital recovery (impact) fees, industrial surcharges, and other fees. These revenue sources are also slightly outperforming expectations.



FUNDING
MOVED
BETWEEN
DEPARTMENTS
(NO NET
INCREASE TO
BUDGET)

General Fund

- \$1.7M: Non-Departmental to Fire for 12 Firefighters – SAFER grant award will still result in savings this year and next two years
- \$291K: Arts Center division moving from Community Engagement to Library (now Library & Arts)

Hotel/Motel Tax Fund

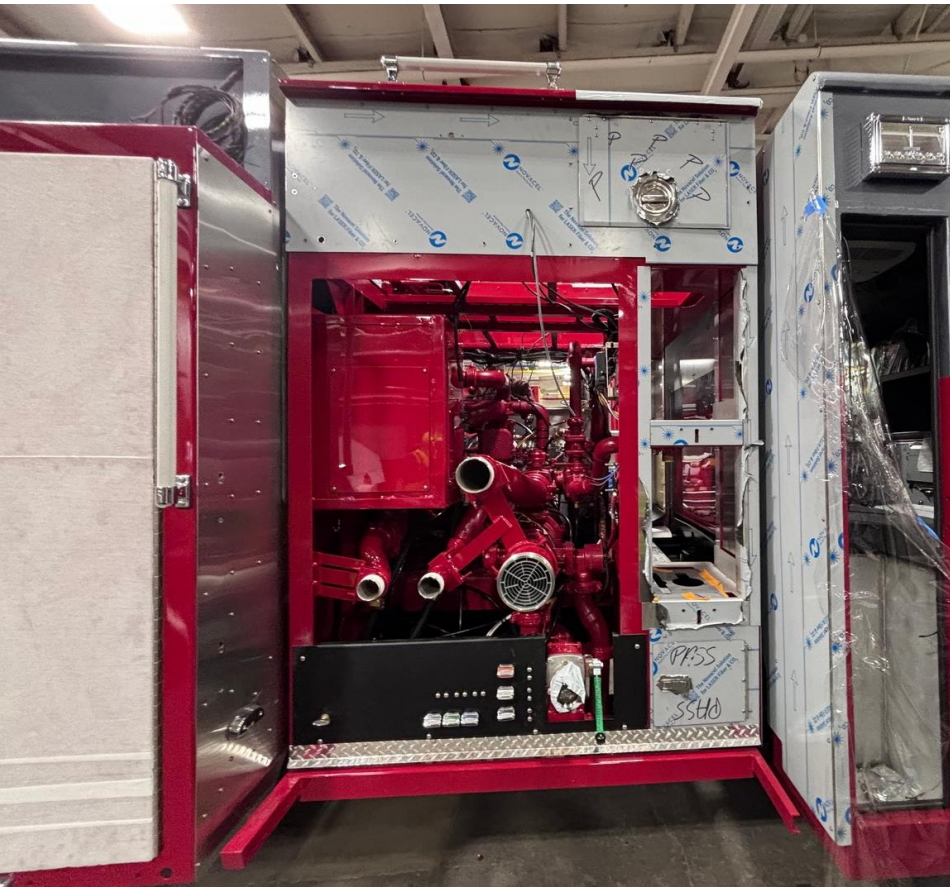
- \$98K: Arts Center division moving from Community Engagement to Library (now Library & Arts)

Community Activities Fund

- \$106K: Arts Center division moving from Community Engagement to Library (now Library & Arts)

Grants Fund

- \$10K: Library was awarded a Family Places grant; \$5.2M TxDOT Grant for Business 121 improvements not awarded



SUPPLEMENTAL APPROPRIATION: MAINTENANCE & REPLACEMENT FUND - \$2.83M

- \$1.9M: Replacement Fire Engines 1 & 3
 - Order was placed in 2022 and deliveries will now occur this summer
- \$729K: Two modular ambulance bodies
 - Chassis already ordered separately; supplemental will allow for quicker assembly
- \$200K: Parts
 - Cost of parts to repair fleet has continued to rise and occasionally requires a mid-year supplemental
- All funds requested are already available in reserves due to internal vehicle lease payments and fleet maintenance allocations and only need to be appropriated by Council

SUPPLEMENTAL APPROPRIATION: WATER & SEWER FUND: \$426K

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- Utility-related debt reserve transfer payment
 - Last year's debt issuance impacting this year's payment occurred after the development of the FY 2026 budget
 - All funds requested are already available in reserves and only need to be appropriated by Council



THANK YOU